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United States

Agricultural Situation

Overview of U.S. Horticultural Imports

2002

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Report Highlights:

U.S. imports of horticultural products more than doubled between 1991 and 2001.

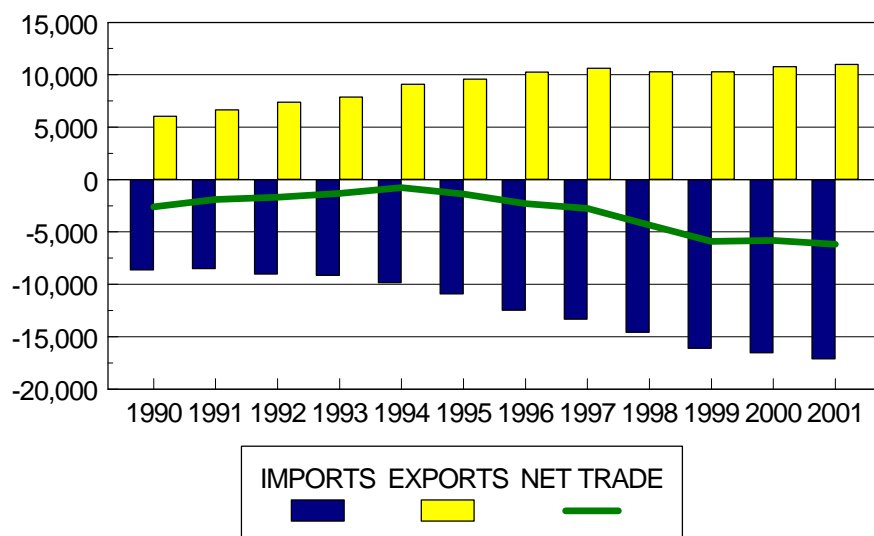
Total horticultural imports in 2001 totaled \$17.2 billion.

Includes PSD changes: No
Includes Trade Matrix: No
Unscheduled Report
Washington DC [US1], US

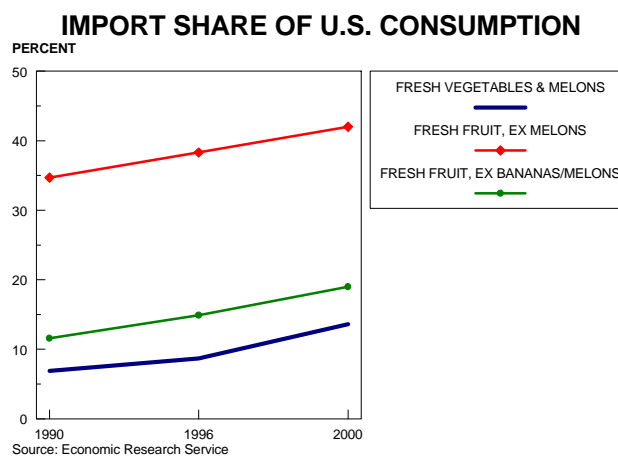
U.S. HORTICULTURAL IMPORTS - OVERVIEW

Over the period 1991-2001, U.S. imports of horticultural products more than doubled (from \$8.6 billion to \$17.2 billion). In contrast, U.S. exports of horticultural products over the same period expanded by 66 percent (rising from \$6.6 billion to \$11 billion).

Total U.S. Horticultural Trade

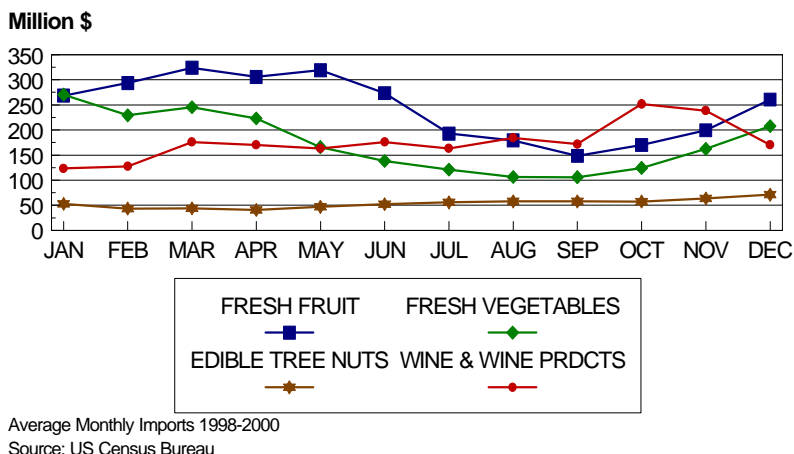


Import penetration in the U.S. fruit and vegetable industry has increased significantly in recent years. Imports of fresh fruit excluding melons, but including bananas rose from 34.7 percent of fresh domestic consumption in 1990 to 42 percent in 2000. Excluding bananas and melons, imports of fresh fruit rose from 11.6 percent to 19 percent of fresh domestic consumption during the same period.



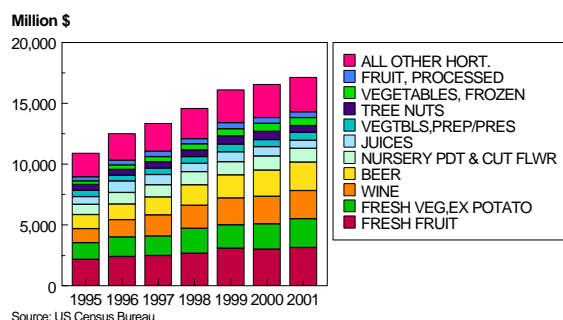
Tropical fruit consumption has been rising significantly at the same time as domestic production has been falling. In this regard, Mexico supplies almost all of the mangos, papayas, and limes consumed in the United States (ERS data). Imports of fresh vegetables and melons rose from 6.9 percent of fresh domestic consumption in 1990 to 13.6 percent in 2000.

Monthly U.S. Imports of Selected Horticulture Products

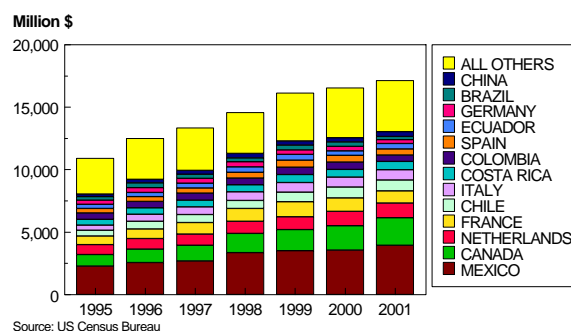


Most imports of horticultural products (with some notable exceptions, such as EU wine and India cashews) are sourced from Western Hemisphere suppliers, most notably the NAFTA partners of Mexico and Canada.

Key Horticultural Imports



Key Suppliers



KEY FACTORS BEHIND THE RISE IN IMPORTS

- Relatively open U.S. import regime (U.S. agricultural tariffs average 12 percent compared with the global average of 62 percent)
- The strong dollar (the nominal trade-weighted value of the dollar against major currencies rose 20 percent from 1991 to 2001, (Federal Reserve))
- The U.S. population grew from about 253 million in 1991 to 280 million in 2001.
- U.S. GDP per capita rose from \$24,000 in 1991 to about \$35,000 in 2001.
- Evolving consumer preferences, including, for example, increased demand for year-round availability of fresh fruits and vegetables. Total per capita use of fruits and vegetables rose 19 percent from 1982 to 1997 (ERS data on 129 products)
- Increased consumer awareness of the role that fruits and vegetables play in a healthy diet (e.g., 5-a-Day for Better Health).
- Supermarkets now carry over 400 produce items compared with 250 in the late 1980's.
- Increased consumption of wine for health and social reasons.

KEY FACTORS LIMITING EXPORT GROWTH

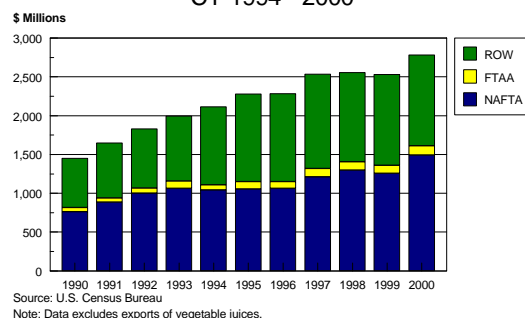
- The strong dollar has hindered U.S. competitiveness abroad in recent years (the nominal trade-weighted value of the dollar against major currencies rose 20 percent from 1991 to 2001 (Federal Reserve)).
- Many countries continue to maintain restrictive market access policies, primarily in the form of high tariffs.
- Increased competition, as many countries have raised levels of horticultural production by providing direct and indirect subsidies and other support.
- Economic slowdown in key consuming countries, such as Japan.

BENEFITS OF FURTHER TRADE LIBERALIZATION

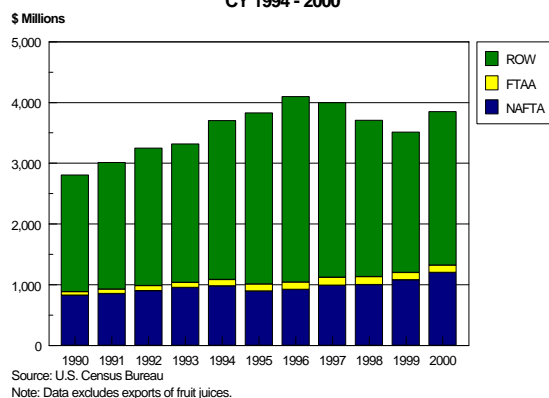
Despite the growing trade imbalance, the United States would benefit from lower trade barriers through new and expanded export opportunities for its growers, processors and exporters. A more open world trade regime would serve to increase world access to other key markets, lessening reliance by foreign suppliers on the U.S. market, which can be seen within the current global trading environment as essentially being "the only game in town."

U.S. exports of horticultural products are destined primarily to countries outside of the Free Trade Area of the Americas (FTAA). Negotiations to lower tariff barriers in these countries would create substantial growth opportunities for U.S. exports.

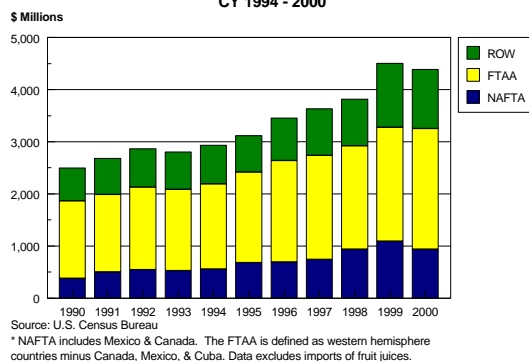
Total U.S. Exports of Vegetables
(fresh, dried, frozen, prepared, and processed)
CY 1994 - 2000



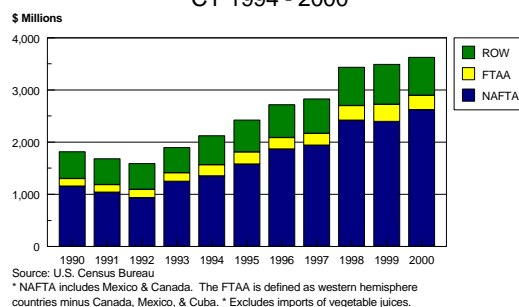
Total U.S. Exports of Fruits (fresh, dried, frozen, processed) and Nuts
CY 1994 - 2000



Total U.S. Imports of Fruits (fresh, dried, frozen, & processed) and Nuts
CY 1994 - 2000



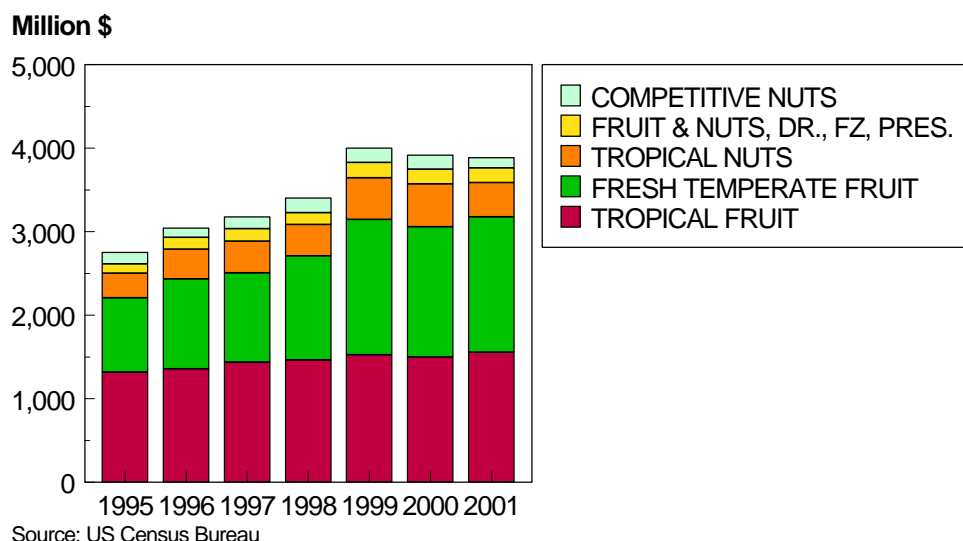
Total U.S. Imports of Vegetables
(fresh, dried, frozen, prepared & processed)
CY 1994 - 2000



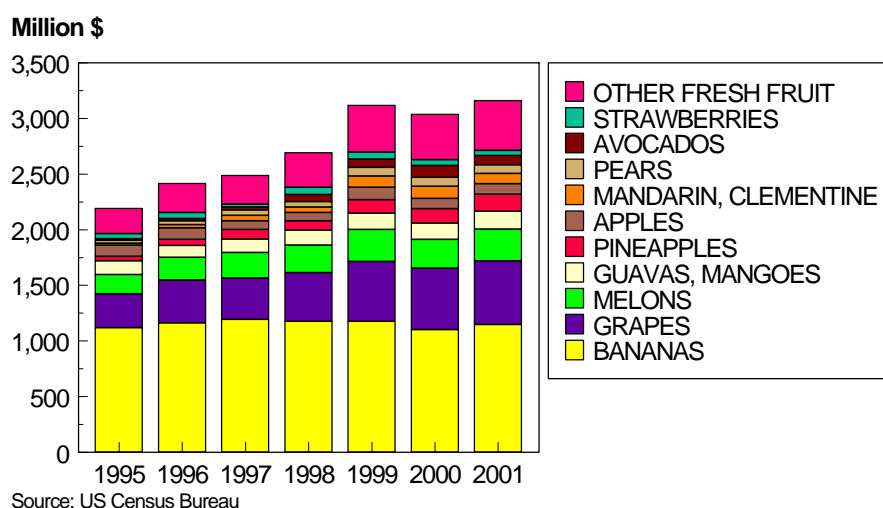
FRUIT IMPORT HIGHLIGHTS

Temperate fruit imports have grown considerably, particularly grapes and melons. However, imports of these products follow a highly seasonal pattern, with imports peaking in the late fall through early spring and dropping to very low levels during June through October. These imports generally complement the U.S. marketing season for these fruits.

U.S. Imports of Fruits and Nuts (HS Chapter 8)



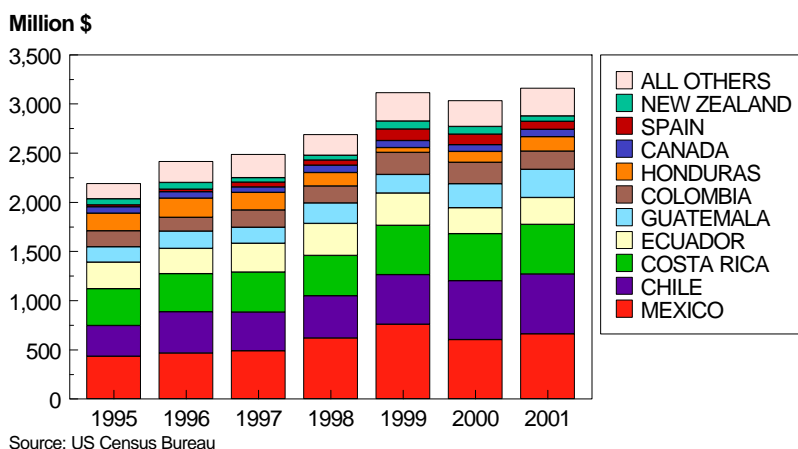
U.S. Imports of Fresh Fruits



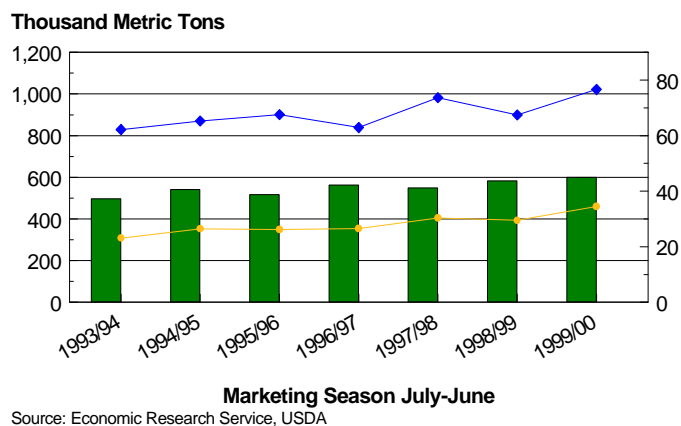
Key Suppliers of Fresh Fruit Imports

Latin America is the primary supplier of fresh and frozen fruit, while Southeast Asian countries are the lead suppliers of canned fruit.

Chile and Mexico accounted for 34 percent and 30 percent of U.S. import value of temperate fruits, respectively in 2000.



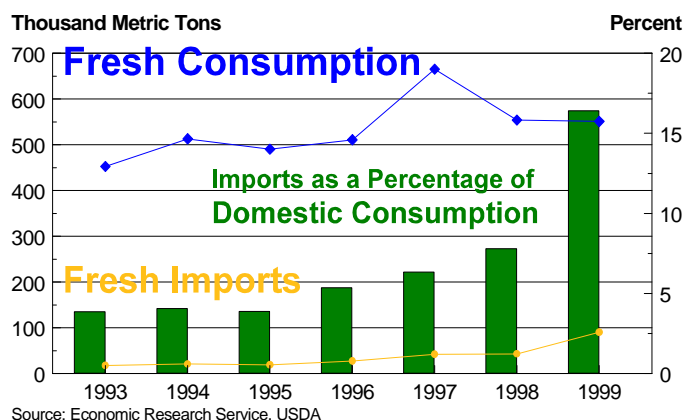
Grapes: imports have grown 82 percent during the 1995-2000 period. Despite the fact that most grape imports are during the off-season for U.S. grapes, there is substantial overlap between imports and domestically produced grapes during the U.S. marketing season. (Chile is the predominant supplier, followed by Mexico.)



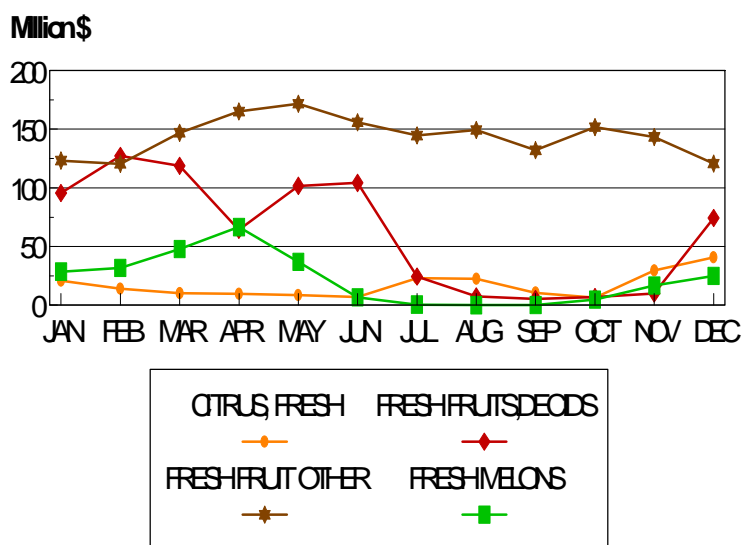
Melons: Imports have grown 35 percent during the 1995-2000 period. Despite the seasonality of imports, there is substantial competition between imports and domestically produced melons during the U.S. marketing season. Growing consumption has outpaced growing production of

melons. (Mexico is the predominant supplier, followed by Central American countries.)

Citrus: Imports of fresh mandarins and clementines have grown from \$18 million in 1995 to \$109 million in 2000, peaking during the months of Nov.-Jan. in competition with U.S. citrus. Spain, the predominant supplier, now faces an import ban, following the detection of fruit fly larvae in recent shipments.

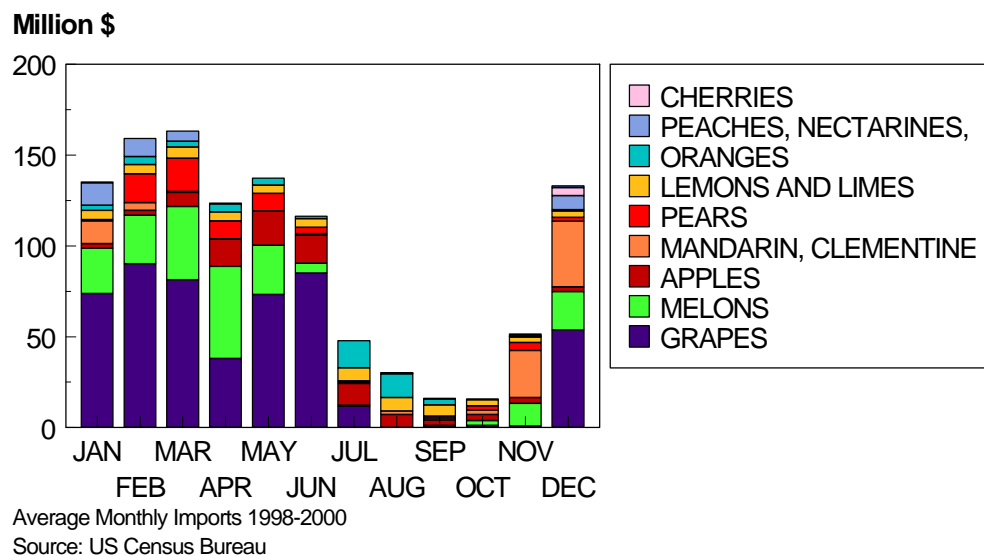


Monthly U.S. Imports of Fresh Fruit

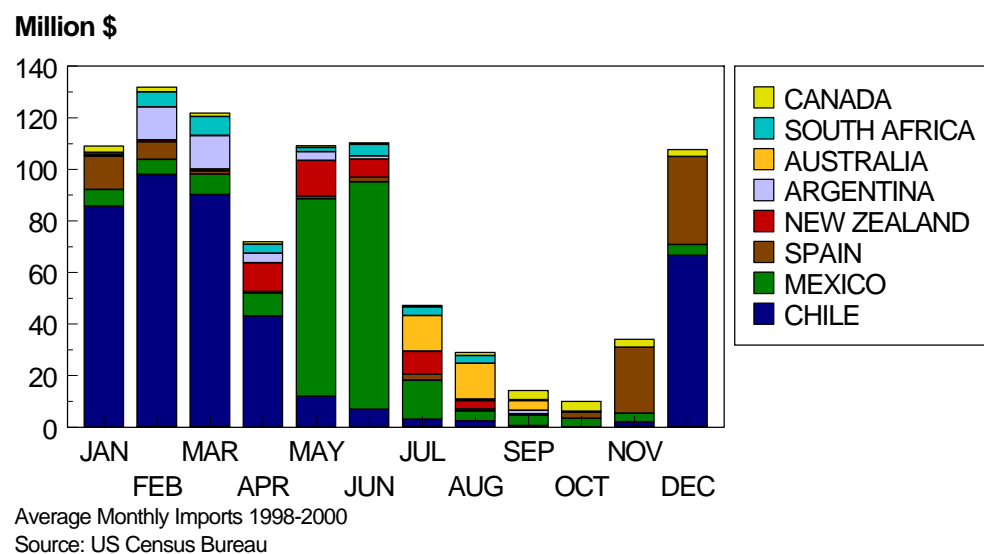


Average Monthly Imports 1998-2000
Source: US Census Bureau

Monthly U.S. Imports of Selected Fresh Fruit



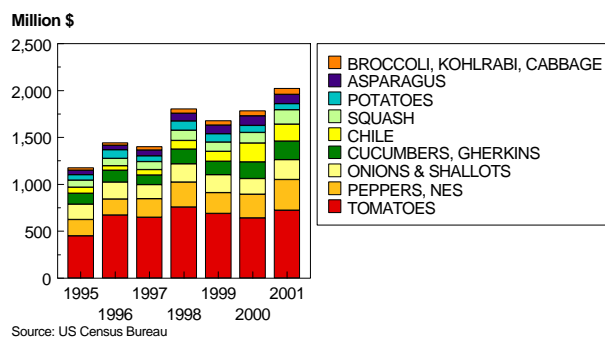
Monthly U.S. Imports of Selected Fresh Fruits - Key Suppliers



VEGETABLE IMPORT HIGHLIGHTS

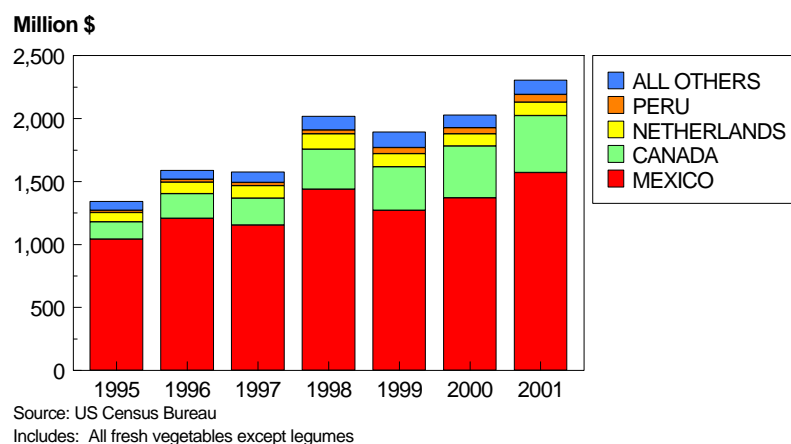
Imports of fresh vegetables have grown considerably, particularly peppers (up 88 percent), cucumbers (up 53 percent), squash (up 53 percent), and asparagus (up 91 percent). Imports are highly seasonal, with two-thirds arriving between December and April, when U.S. production is limited. Most of these are warm season crops, including tomatoes, peppers, squash, and cucumbers.

U.S. Vegetable Imports

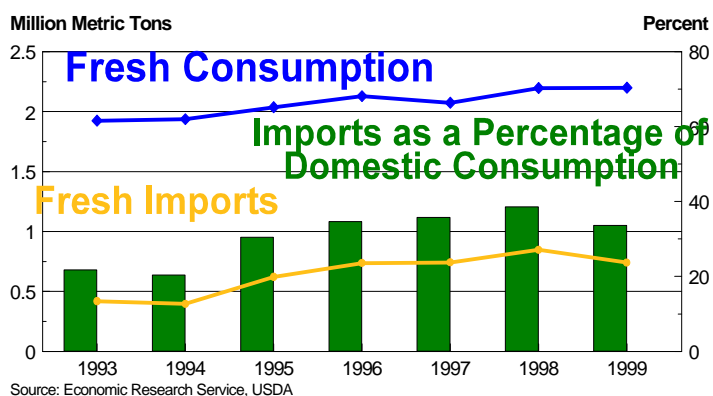


Vegetable Imports - Key Suppliers

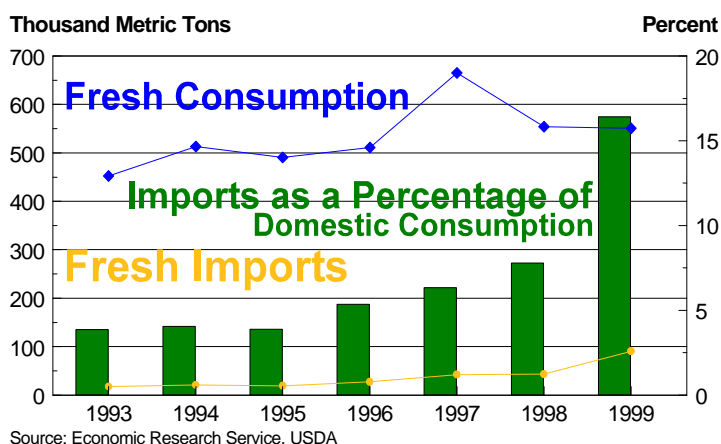
Vegetable imports are dominated by Mexico, with an average 69 percent share, followed by Canada, with a 15 percent share, and the Netherlands, with a 5 percent share.



Tomatoes: Imports rose from \$451 million in 1995 to \$758 million in 1998, but dropped to \$640 in 2000. A high percentage of tomato imports compete head-to-head with U.S. product, leading to significant trade disputes. Mexico is by far the largest supplier, but Canada and the Netherlands have entered the market in recent years.

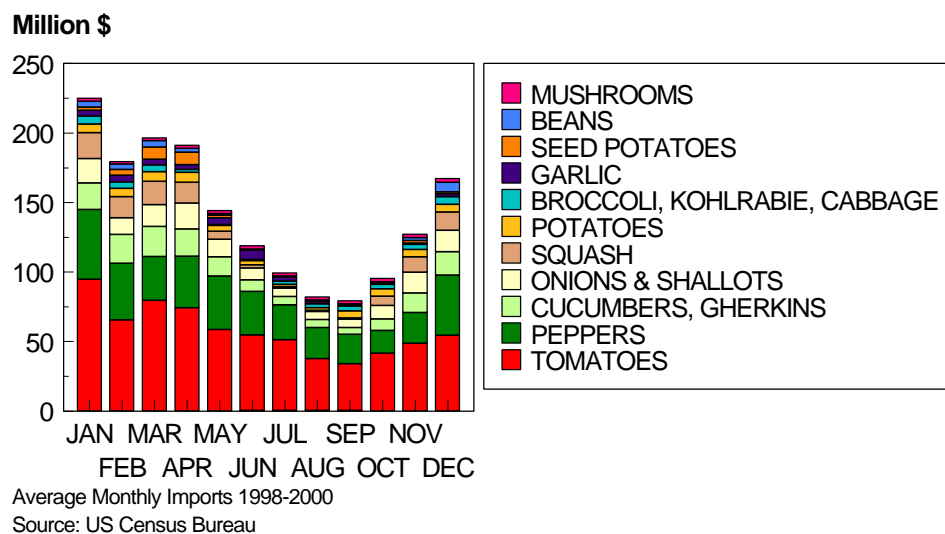


Peppers: Imports rose from \$242 million in 1995 to \$456 million in 2000, accounting for a growing share of domestic consumption. Mexico is the predominant supplier, followed by Canada and the Netherlands. Imports from Mexico have accounted for almost all of the phenomenal growth. Imports peak in the winter before the U.S. marketing season begins in July. Squash: Imports almost doubled from 1995 to 2000, increasing in value from \$73 million to \$113 million, of which Mexico accounted for almost 99 percent of imports in 2000.

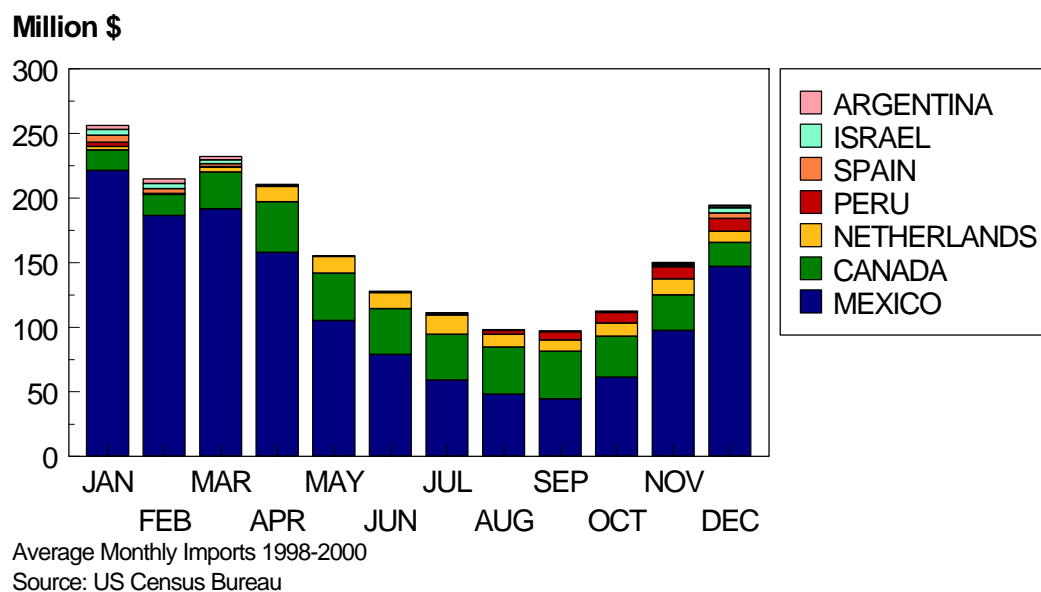


Asparagus: Imports of fresh asparagus have grown from \$60 million in 1995 to \$115 million in 2000, as U.S. fresh consumption has grown from about 70,000 tons to close to 120,000 tons. Almost 95 percent of imports take place during the off-season. Mexico and Peru are the predominant suppliers.

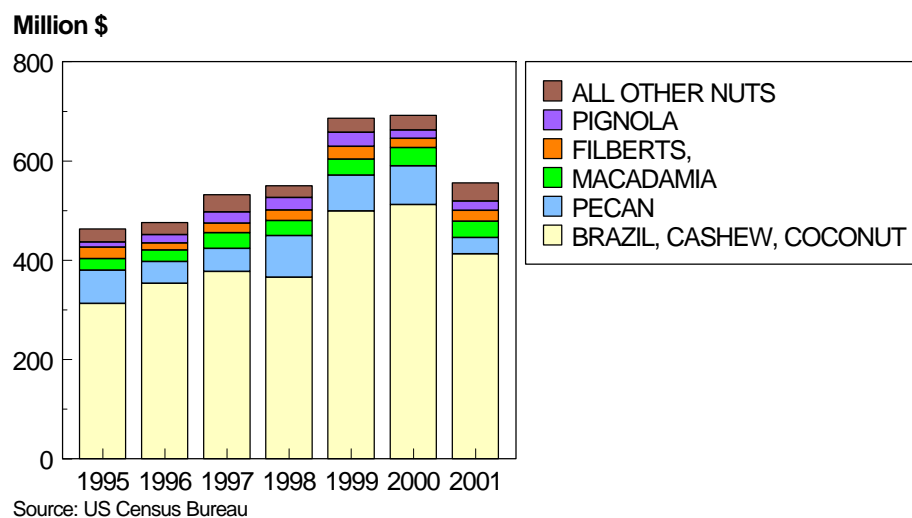
Monthly U.S. Imports of Selected Fresh Vegetables



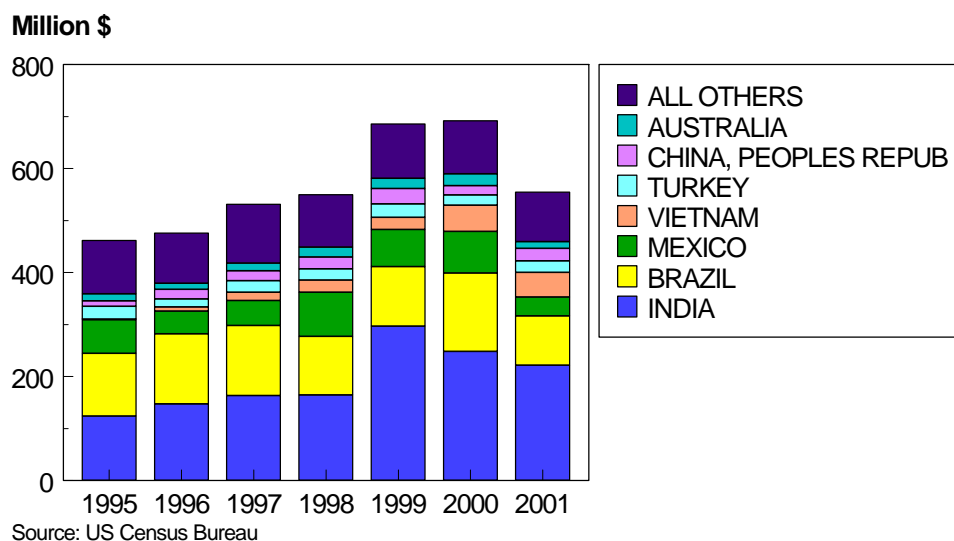
Monthly U.S. Imports of Fresh Vegetables - Key Suppliers



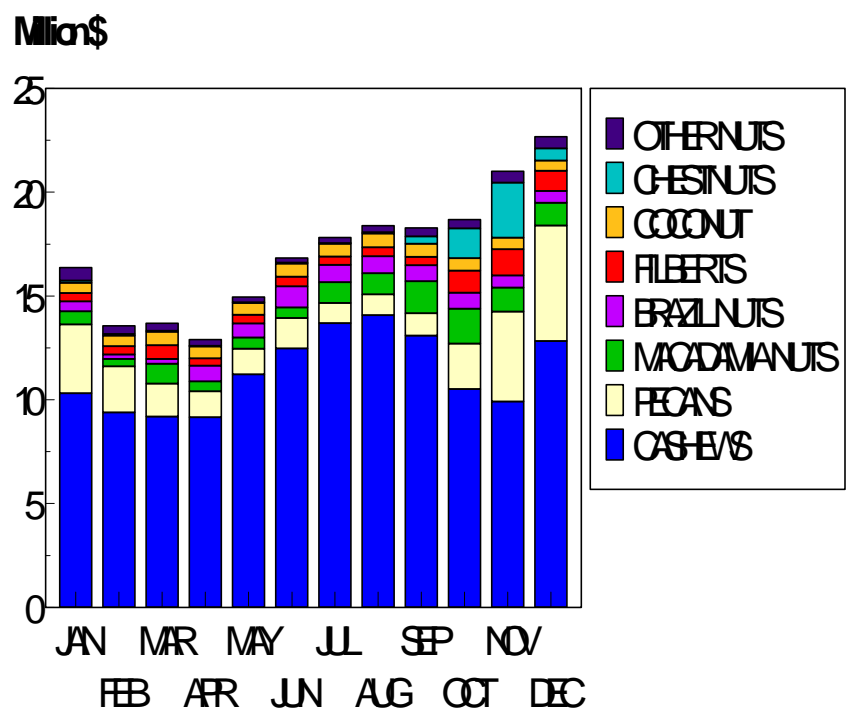
U.S. Imports of Tree Nuts



Key Suppliers of Tree Nuts



Monthly U.S. Imports of Tree Nuts



Average Monthly Imports 1998-2000

Source: US Census Bureau